

Message Text

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TAGS: EGEN, OECD

SUBJECT: EXECUTIVE COMMITTEE IN SPECIAL SESSION (XCSS)

NOV. 25-26; INTERNATIONAL ECONOMIC DEVELOPMENT (AGENDA
ITEM 2)

1. SUMMARY. DISCUSSION OF WORLD ECONOMY CONCENTRATED
ON INCREASING POSSIBILITY OF SECTORAL AND STRUCTURAL
DISLOCATIONS AND ON IMPORTANCE OF RENEWING THE TRADE
PLEDGE. SPEAKERS ALSO EMPHASIZED THAT XCSS SHOULD
PROVIDE AN "OVERALL VIEW", KEEP MEMBERS AWARE OF INTER-
RELATIONSHIPS AMONG PROBLEMS AND HELP ENSURE CONSIS-
TENCY OF ACTIONS IN VARIOUS AREAS. CHAIRMAN'S SUMMA-
TION SUGGESTED XCSS CONCENTRATE FUTURE WORK ON SECTORAL
AND STRUCTURAL PROBLEMS AND RENEWAL OF TRADE PLEDGE.

2. SECRETARY GENERAL VAN LENNEP OPENED WITH A PESSIMIS-
TIC REVIEW OF WORLD ECONOMIC SITUATION WITH SPECIAL
EMPHASIS ON SECTORAL AND STRUCTURAL ADJUSTMENT DIFFI-
CULTIES IN THE OECD COUNTRIES. HE ALSO REVIEWED THE
COOPERATIVE EFFORTS IN THE OECD SUCH AS: 1) THE PLEDGE
BY OECD COUNTRIES NOT TO TAKE TRADE MEASURES TO DEAL
WITH THE ECONOMIC DISLOCATIONS CREATED BY HIGHER OIL
PRICES; 2) COOPERATION IN THE PRODUCTION AND CONSERVA-

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TION OF ENERGY; 3) THE SEARCH FOR COOPERATIVE SOLUTIONS

TO THE DISLOCATION IN MONETARY AND FINANCIAL MARKETS. THERE WAS PARTICULAR EMPHASIS ON THE IMPORTANCE OF THE TRADE PLEDGE, AND THE NEED TO CONSIDER WHAT SHOULD BE DONE WHEN THE PLEDGE EXPIRES NEXT MAY. MOST COUNTRIES EXPRESSED DESIRE TO SEE FURTHER WORK ON THE SECTORAL ASPECTS OF SUCH A PLEDGE, GIVEN THE INCREASING POSSIBILITY OF ECONOMIC DISLOCATIONS IN PARTICULAR SECTORS. COMMENTS IN THIS GENERAL VIEW WERE MADE BY THE REPRESENTATIVES OF THE EC COMMISSION, JAPAN, CANADA, THE NETHERLANDS, SWITZERLAND AND NEW ZEALAND, AS WELL AS THE UNITED STATES. US REP (AMB. MALMGREN) SUGGESTED THAT COMMITTEE THINK OF ITS FUTURE ROLE AS DEALING WITH "STRUCTURAL" QUESTIONS IN ECONOMIC POLICIES, I. E., MAJOR FUNCTIONAL AND SUBJECT AREAS LIKE FOOD, ETC. AS OPPOSED TO MACROECONOMIC POLICY COORDINATION, WHICH IS ALREADY ADEQUATELY COVERED IN THE WORK OF EPC. THIS THEME EVOKED WIDE INTERNATIONAL SUPPORT IN INFORMAL DINNER MEETING. SINCE THE OVERALL COORDINATION OF MACRO-ECONOMIC WORK WAS BEING DONE WELL ELSEWHERE, THE XCSS MIGHT WANT TO FOCUS ON THE COORDINATION OF STRUCTURAL POLICIES. FOR EXAMPLE, THE XCSS MAY WANT TO EXPLORE IN GREATER DEPTH HOW SECTORAL ECONOMIC MEASURES MAY BEST BE COVERED BY THE TRADE PLEDGE. ALL OECD COUNTRIES MAY FACE DIFFICULTIES IN PARTICULAR ECONOMIC SECTORS DURING THE COMING YEAR, AND IT MAY BE USEFUL IN THE XCSS TO EXPLORE COOPERATIVE APPROACHES BEYOND THE PLEDGE TO SUCH PROBLEMS. OTHER TOPICS WHICH COULD BE EXAMINED IN THE XCSS IN THE FUTURE WERE QUESTIONS OF FOOD POLICY, AS DISTINCT FROM AGRICULTURAL POLICIES, AND RAW MATERIAL POLICIES, (INCLUDING THE LENDING POLICIES OF THE IFI'S, STOCKPILING FOR STRATEGIC OR STABILIZATION PURPOSES, SUPPLY COMMITMENTS, EXPORT CREDITS AND INVESTMENT IN LDC'S). XCSS COULD EXAMINE THE INTER-RELATIONSHIP OF VARIOUS ASPECTS OF SUCH POLICIES THAT HAVE TRADITIONALLY BEEN EXAMINED IN DIFFERENT FORUMS SUCH AS POLICIES AFFECTING INVESTMENT IN EXTRACTIVE INDUSTRIES. MALMGREN SUGGESTED XCSS CHOSE ONE OR TWO OF THESE ISSUES SO WE HAVE A MANAGEABLE AGENDA, BUT MAKE IT POSSIBLE TO BRING UP OTHER ITEMS AS THEY APPEAR PRESSING.

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3. ASIDE FROM US STATEMENT, THERE WAS LITTLE SPECIFIC ATTENTION PAID TO FUTURE ROLE OF XCSS. THE EC REP DID EMPHASIZE THAT XCSS SHOULD AVOID DUPLICATING WORK BEING DONE ELSEWHERE IN THE OECD AND THAT ITS MAIN ROLE SHOULD BE TO ENSURE THAT PROBLEMS ARE DEALT WITH IN A COORDINATED, COHERENT WAY. JAPAN ALSO EMPHASIZED NEED FOR XCSS TO MAINTAIN AN OVERVIEW AND TO PLAY A COOR-

DINATIVE ROLE.

4. IN SUMMING UP THE MORNING'S DISCUSSION, CHAIRMAN JOLLES CONCLUDED THAT THE SECRETARY GENERAL'S ANALYSIS OF THE SITUATION HAS BEEN CONFIRMED, IN THE SENSE THAT IT HAS NOT GIVEN RISE TO OBJECTIONS OR SUBSTANTIAL

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NEW ADDITIONS. WITH RESPECT TO THE FUTURE ROLE OF THE COMMITTEE, HE NOTED THAT XCSS SHOULD TAKE AN "OVERVIEW" TO ENSURE CONSISTENCY OF ACTIONS IN VARIOUS FIELDS AND TO ENSURE MEMBER GOVERNMENTS WERE AWARE OF INTER-RELATIONSHIPS. MORE SPECIFICALLY, HE INDICATED THAT THE ROLE OF THE XCSS SHOULD BE ONE OF COORDINATING STRUCTURAL POLICIES AS WELL AS MORE SPECIFIC SECTORAL ECONOMIC POLICY MEASURES ADOPTED BY COUNTRIES, IN AS MUCH AS MACRO-ECONOMIC POLICIES WERE BEING ADEQUATELY COORDINATED IN THE ECONOMIC POLICY COMMITTEE AND WORKING PARTY 3 OF THE OECD. ALSO, STRUCTURAL PROBLEMS HAVE BECOME MORE IMPORTANT AND THUS THEY NEED MORE ATTENTION. TURNING TO THE TRADE PLEDGE, HE REFERRED

TO A GENERAL CONSENSUS THAT IT IS A USEFUL INSTRUMENT,
THAT IT SHOULD BE MAINTAINED. HOWEVER, IN LIGHT OF
CHANGING CONDITIONS, IT MAY REQUIRE STRENGTHENING WHEN
IT COMES UP FOR RENEWAL. HE ALSO NOTED THAT THE
APPLICABILITY OF THE PLEDGE TO THE SO CALLED "GREY
ZONES" (I.E. SPECIFIC SECTORAL PROBLEMS AND
MEASURES) MAY NEED TO BE CLARIFIED OR RECONSIDERED,
GIVEN THE GLOBAL NATURE OF MANY OF THE SECTORAL DIS-
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LOCATIONS. UNDER THESE CIRCUMSTANCES ESCAPE CLAUSE
ACTIONS UNDER GATT ARTICLE XIX TAKE ON SPECIAL MEANING.
(COMMENT: MALMGREN SUGGESTS IN LIGHT OF CONCERN
EXPRESSED HERE RE SECTORAL DISLOCATIONS IN FUTURE THAT
THIS SUBJECT BE DISCUSSED IN FORTHCOMING US-EC AND
US-JAPAN CONSULTATIONS. END COMMENT) CHAIRMAN JOLLES
BRIEFLY REFERRED TO THE NEED TO COORDINATE POLICIES
RE EXPORT CREDIT AND INDICATED THAT THIS AND OTHER
ITEMS RAISED IN THE DISCUSSION (I.E. FOOD POLICIES,
RAW MATERIALS AND THE XCSS ROLE IN COORDINATING MEMBER
POLICIES IN OTHER INTERNATIONAL BODIES WOULD BE KEPT IN
MIND AS POSSIBLE FUTURE AGENDA ITEMS.
TURNER

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